SOUTHERN LITHIUM

(formerly Signal Exploration Inc.)

Management Discussion & Analysis ("MD&A")

For the Nine Months Ended September 30, 2017

Date of Report: August 10 2017

The following management's discussion and analysis should be read together with the annual financial statements and accompanying notes for the year ended December 31, 2016 and related notes hereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This management's discussion and analysis includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Overall Performance

Nature of Business and Overall Performance

Southern Lithium Corp. (formerly known as Signal Exploration Inc.) (the "Company") was incorporated in the province of British Columbia on March 9, 2010. The Company is a resource exploration company that is acquiring and exploring mineral properties. On November 2, 2016, the Company commenced trading on the TSX Venture Exchange again under the symbol "SNL".

On August 15, 2017, the Company has listed on Over-the-Counter Bulletin Board (OTCBB) under symbol SLLTF.

The Company has entered into option agreements to acquire mineral rights to the East Fault property in Clayton Valley, Nevada, and to the Cruz Property in Argentina. It is the Company intent to explore for lithium on these two properties.

Investments

Cruz Property - Argentina

On November 2, 2016, the Company entered into a letter of intent (the "LOI") with Proyecto Pastos Grandes S.A. ("PPG SA"), a wholly owned subsidiary of Millennial Lithium (TSX-V: ML), to be granted an option to acquire an eighty percent (80%) interest in the PPG SA's Cruz property in the Pocitos salar basin in Salta Province, Argentina. The transaction remains subject to certain conditions, including the negotiation and execution of a formal option agreement (a "Definitive Agreement") and the Company obtaining all necessary approvals from the TSX Venture Exchange. The LOI has an effective date of November 2nd, 2016 and required PPG SA and the Company to enter into the Definitive Agreement by November 10, 2016. This was completed as specified.

For the Company to acquire a seventy percent (70%) interest in the Cruz Property, the Company must: a) pay a non-refundable deposit of US$150,000 to PPG SA. This payment has already been completed. b) Pay an additional US$50,000 non-refundable deposit to PPG SA upon the execution of the Definitive Agreement. c) Issue US$100,000 worth of common shares of Southern Lithium to PPG SA or Millennial at the same price as the announced private placement offering, upon closing of the Definitive Agreement. d) On closing of the first tranche of the Private Placement or November 30, 2016 (whichever is earlier) place in a joint exploration account the sum of US$500,000 (the "Exploration Funds"). e) Make US$500,000 of exploration expenditures (the "Exploration Expenditures") on or before October 1, 2017 f) Pay to PPG SA the sum of

US$1,000,000 on or before October 1, 2017; and g) Pay to PPG SA the sum of US$1,000,000 on or before October 1, 2018. ((a)-(g) being, collectively, the “Option Exercise Price”).

To earn the additional 10% interest (for an aggregate total 80% interest) in the Property, the Company must, prior to that date which is 6 months after the third anniversary of the Definitive Agreement, complete a bankable feasibility study on the Property. PPG SA will also grant the Company with a right of first of refusal over any mineral properties it acquires ground contiguous to the Cruz Property, and the Company will agree not to acquire any mineral interests within a 10km radius from the Cruz Property.

The Cruz property spans across 2,500 hectares and lies at the north end of the Pocitos salar basin. The Cruz property is located at the intersection of a large north-south fault system and a regional northwest-trending magmatic-structural corridor along which the Rincon volcano lies. Rincon Volcano is the possible source of the Rincon Salar lithium brine resources in the Rincon salar basin to the north of the Pocitos Salar basin. The 60-kilometer long Pocitos basin has been subject to surface sampling previously; however, it has only been drilled once in the 1970s by a government agency. To date, this is the only confirmed exploration drilling performed and the results of this drilling operation cannot be confirmed under NI 43-101 standards of exploration applicable today. This single shallow drill hole and subsequent surface sampling by various groups has resulted in the identification of lithium at relatively significant concentrations. The more recent sampling campaigns by PPG SA tend to be consistent and even indicate higher levels of lithium. These findings tend to be consistent with the possibility that the faults are conduits for lithium-bearing fluids emitted by the northern volcanic center. The Cruz property is adjacent to a large area of the Pocitos salar basin expected to be put out for tender by Salta Province’s wholly-owned energy and mineral company. Through the potential acquisition of the Cruz property, Southern Lithium hopes to establish its presence in the Pocitos salar basin and further deliver on its mission to secure strategic lithium mining projects.

On August 08, 2017, the Company completed the first hole of the Phase One exploration program and has begun drilling the second hole. The first hole (CREX 1701) was drilled to a depth of 476 metres at the northern end of the Company's claim in the Pocitos Salar Basin.

On August 22, 2017, the Company received initial data detailing the Brine density from the first hole (CREX 1701). 11 samples indicate the presence of brine throughout the section. Density is only an indirect measure of brine lithium content.

On September 20, 2017, the Company completed the second hole of the Phase One exploration program. The second hole (CREX 1702) was drilled to a depth of 503 metres (m) and was located south of the first hole (CREX 1701).

On October 04, 2017 the first drill hole, CREX 1701 was terminated at a depth of 476 metres and encountered brine aquifers averaging 47.5 milligrams per litre ("mg/l") lithium. The brine aquifers were sampled using a drive-point sampler at key formational changes. The densities of the samples range from 40.3 mg/l to 65.0 g/l, indicating the presence of brine in the sections. The second hole, CREX 1702, was drilled to the south of CREX 1701 and the hole was terminated at a depth of 503 metres. CREX 1702 encountered brine aquifers over a total 52.5 metres (m) from surface to 453 metres (m) to the termination point of the hole, averaging 70.44 milligrams per litre ("mg/l") lithium. The brine aquifers were sampled using a drive-point sampler at key formational changes. The densities of the samples averaged 47.5 milligrams per litre ("mg/l") lithium in first hole (CREX 1701) and 70.44 milligrams per litre ("mg/l") lithium in the second hole (CREX 1702), indicating insufficient presence of lithium brine throughout the section to be commercially viable. Therefore, the Company will not be completing the mineral property option agreement.

East Fault Property, Nevada

On July 8, 2016, the Company entered into a Letter of Intent (the “LOI”) to acquire a 100% undivided interest in the 2,100-acre East Fault Property, located in Esmeralda County, Nevada (the “Property) from with Ty & Sons Exploration (Nevada) Inc. The option of this property is subject to TSX approval. To date the Company has invested US$50,000 (CAD$66,010) as a non-refundable deposit on the property. If approved by the TSX, the Company will have to invest an additional US$125,000 over the next year and issue 3.3 million shares. The Property is subject to a 2.5% NSR. The Company has commissioned a NI51-101 on the Property.

The Property is a 2,100-acre property which adjoins Pure Energy’s eastern border of their Clayton Valley property which has an inferred resource of 816,000 metric tonnes of lithium carbonate equivalent. The property is in the Esmeralda County area of Nevada, USA The Property includes eleven kilometers (7 miles) of the East Fault, 3.5 kilometers (2.2 miles) of the E-2 Fault, and eight kilometers (5 miles) of the (projected) 1,000-meter bedrock depth gravity contour (See Pure Energy NI 43-101 Technical Report, July 17, 2015). According to the 1986 paper titled “Origin of the Lithium-Rich Brine, Clayton Valley, Nevada” by Joseph R. Davis, et al, the “highest lithium concentrations are found in brines produced from the tuff where it abuts the faults and forms a structural trap for the dense brines.” The report goes on to state that the most lithium-enriched brines lie near the bounding fault on the eastern side of the basin. Although gravity surveys have not yet been performed over most of the property area, projection from an available gravity survey covering the adjacent Pure Energy property and part of the Property indicate that the lithium beds may extend to the East Fault.

Scotch Creek, British Columbia.

The Company's former principal asset and project was its interest in the Scotch Creek Property, comprised of 8 map-staked mineral claims covering a total area of approximately 1,384.12 hectares (3,418.78 acres) located in the Kamloops Mining Division and in the Kamloops Land District in Shuswap Highland of south-central British Columbia. The current expiry date of these claims is February 19, 2023.
During the year ended December 31, 2016, the Company shifted its focus to lithium properties and decided not pursue further exploration on this mineral property. As a result, the Company recorded an impairment loss of $337,666 on the Scotch Creek Property.

During June 2017, the Company has entered into a sale agreement to sell the Scotch Creek Property for $1.00.

Summary of Quarterly Results

The following table sets out selected quarterly information for each of the Company's most recent eight completed quarters.

	Total Revenues	Net loss	Net loss per share (basic and diluted)
	$	$	$
September 30, 2015	-	(12,944)	-
December 31, 2015	-	(14,503)	-
March 31, 2016	-	(6,205)	-
June 30, 2016	-	(60,523)	(0.01)
September 30, 2016	-	(237,070)	(0.01)
December 31, 2016	-	(618,924)	(0.02)
March 31, 2017	-	(592,236)	(0.02)
June 30, 2017	-	(767,907)	(0.02)
September 30, 2017	-	(4,215,166)	(0.14)

Results of Operations

Comparison of Results of Operations of the three months periods ended September 30, 2017 and 2016

SOUTHERN LITHIUM CORP.
(formerly Signal Exploration Inc.)
Condensed Interim Statements of Operations and Comprehensive Loss
(Unaudited)
(Expressed in Canadian dollars)

	Three Months Ended	
	September 30, 2017	September 30, 2016
	$	$
Expenses:		
Advertising and promotion	953,534	-
Consulting fees	822,978	-
General and administrative	4,388	95,109
Impairmant of exploration and evaluation	2,289,910	
Management fees	40,000	-
Meal & Entertainment	23,855	-
Professional fees	19,732	-
Rent	32,232	-
Share-based compensation	72,813	142,961
Transfer agent and filing fees	1,978	-
Travel	7,936	-
Total expenses	4,269,356	238,070

During the three months ended September 30, 2017, the company incurred losses totaling $4,269,356 compared to $238,070 for the three months ended September 30, 2016. The $4,031,286 increase in loss was caused by the impairment of its investment in the Cruz property and the East Fault property totaling $2,289,910, by increased advertising and promotion activities of $953,534 primarily in Europe; increased consulting fees of $822,978 for services; management fees of $40,000 for fees to the CEO and CFO; increased professional fees of $19,732 for legal and accounting; increased share based compensation of $72,813 calculated for stock options issued, and increased travel of $7,936. This is for trips to Argentina for site visits and to Toronto, New York and Europe for fund raising.

Comparison of Results of Operations of the nine months periods ended September 30, 2017 and 2016

SOUTHERN LITHIUM CORP.
(formerly Signal Exploration Inc.)
Condensed Interim Statements of Operations and Comprehensive Loss
(Unaudited)
(Expressed in Canadian dollars)

	nt	Nine Months Ended	
		September 30, 2017	September 30, 2016
	$	$	$
Expenses:			
Advertising and promotion		1,126,444	-
Consulting fees		1,193,029	-
General and administrative		24,948	161,839
Impairmant of exploration and evaluation		2,289,910	
Management fees		185,245	-
Meal & Entertainment		29,670	-
Professional fees		90,836	-
Rent		60,426	-
Share-based compensation		532,456	142,961
Transfer agent and filing fees		22,576	-
Travel		73,102	-
Total expenses		5,628,642	304,800

During the nine months ended September 30, 2017, the company incurred losses totaling $5,628,642 compared to $305,800 for the nine months ended September 30, 2016. The $5,322,842 increase in loss was caused by the impairment of its investment in the Cruz property and the East Fault property totaling $2,289,910, by increased advertising and promotion activities of $1,126,444 primarily in Europe; increased consulting fees of $1,193,029 for services; management fees of $185,245 for fees to the CEO and CFO; increased professional fees of $90,836 for legal and accounting; increased share based compensation of $532,456 calculated for stock options issued, and increased travel of $73,102. This is for trips to Argentina for site visits and to Toronto, New York and Europe for fund raising.

Liquidity

The Company has total assets of $528,607 consisting of 528,607 in current assets and $nil in mineral properties' investments. As at September 30, 2017, the Company has a working capital of $160,257.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the Company will require additional working capital to meet its primary business objectives over the next 12 months.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the funding through future equity issuances and through short term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

As at September 30, 2017, the Company had $185,000 in demand promissory notes payable outstanding.

Capital Resources

On July 8, 2016, the Company entered into Letter of Intent to acquire certain mineral rights known as the East Fault Property in the Esmeralda County, Nevada. Under the terms of the LOI, the Company paid US$50,000 (CAD$66,010), and subject to regulatory approval pay an additional US$125,000 and issue 3 million shares. The property is a 2,100-acre property and includes eleven kilometers (7 miles) of the East Fault, 3.5 kilometers (2.2 miles) of the E-2 Fault, and eight kilometers (5 miles) of the (projected) 1,000-meter bedrock depth gravity contour. This property Pure Energy's eastern border of their Clayton Valley property. The Company entered into the definitive agreement for the property outlining the above terms on January 16, 2017.

For the Company to acquire a seventy percent (70%) interest in the Cruz Property, the Company hast: a) paid a non-refundable deposit of US$150,000 to PPG SA; b) Paid an additional US$50,000 non-refundable deposit to PPG SA upon executing the Definitive Agreement; c) Issued 540,000 common shares of Southern Lithium to PPG SA or Millennial at the same price as the announced private placement offering, upon closing of the Definitive Agreement; and d) On closing of the first tranche of the Private Placement or November 30, 2016 (whichever is earlier) deposited into in a joint exploration account the sum of US$500,000 (the "Exploration Funds"). In order to earn the 70% interest the Company must still a) Make US$500,000 of exploration expenditures (the "Exploration Expenditures") on or before October 1, 2017 b) Pay to PPG SA the sum of US$1,000,000 on or before October 1, 2017; and c) Pay to PPG SA the sum of US$1,000,000 on or before October 1, 2018. ((a)-(g) being, collectively, the "Option Exercise Price").

To earn the additional 10% interest (for an aggregate total 80% interest) in the Property, the Company must, prior to that date which is 6 months after the third anniversary of the Definitive Agreement, complete a bankable feasibility study on the Property. PPG SA will also grant the Company with a right of first of refusal over any mineral properties it acquires ground contiguous to the Cruz Property, and the Company will agree not to acquire any mineral interests within a 10km radius from the Cruz Property

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Transactions with Related Parties

	September 30, 2017		September 30, 2016	
Management fees - CEO	$	76,000	$	-
Management fees - President	$	11,745	$	1,980
Management fees - CFO	$	90,000	$	36,483
Management fees - Director	$	12,500	$	4,300
Share-based compensation	$	532,456	$	142,961

Due to (from) related parties	September 30, 2017		December 31, 2016	
	$	38,333.00	$	-

- CEO is Clive Massey, who resigned in the quarter
- COO or president is Larry Segerstrom
- CFO is David Alexander

Significant Accounting Policies

Please refer to the audited annual financial statements for the year ended December 31, 2016 and the unaudited interim financial statements for the period ended June 30, 2017 for the Company's significant accounting policies. Both of which were filed on SEDAR.

Financial Instruments and Other Instruments

Fair values

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

The Company's cash is measured at fair value on a recurring basis using level 1 input.

The fair values of other financial instruments, which include GST receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the short-term maturities of these instruments.

The Company's financial instruments are exposed to the following risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and GST receivable. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. GST receivable consists of GST refunds due from the Government of Canada.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable _rates but it does not believe it is currently subject to any significant interest rate risk.

Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. A portion of the Company's cash and accounts payable and accrued liabilities is denominated in US dollars (US$). The Company has not entered into foreign exchange rate contracts to mitigate this risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

LATEST OUTSTANDING SHARE DATA

The following is the latest share data as November 20 , 2017

Common shares as at	September 30, 2017	58,634,000
Subsequent issued as at	November 20, 2017	-
		58,634,000
Stock options as at	September 30, 2017	5,025,000
Subsequent Issued as at	November 20, 2017	-
Less stock options subsequent exercised as at	November 20, 2017	-
		5,025,000
Warrants as at	September 30, 2017	7,802,400
Subsequent Issued as at	November 20, 2017	-
Less Warrants exercised subsequent exercised as at	November 20, 2017	-
		7,802,400
Fully diluted as at	September 30, 2017	71,461,400
Fully diluted as at	November 20, 2017	71,461,400